

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 ADP-00 SS-15 NSC-10 SSO-00 NSCE-00 EB-11

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P R 191152 Z MAY 73

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 278

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TOKYO

USEC BRUSSELS 7846

C O N F I D E N T I A L PARIS 13925

E. O. 11652: GDS

TAGS: ENRG FR US

SUBJECT: NIXON- POMPIDOU SUMMIT: AGENDA ITEM II(D) ENERGY

REF: A. PARIS 13399; B. PARIS 9810; C. PARIS 6532; D. PARIS 11891

1. WE ARE TRANSMITTING THE FOLLOWING ADDITIONAL
BACKGROUND ON THE FRENCH POSITION ON PETROLEUM AND
SUGGESTED TALKING POINTS FOR POSSIBLE USE IN CONNECTION
WITH PREPARATIONS FOR THE NIXON- POMPIDOU TALKS.

2. BACKGROUND

A. THE FRENCH GOVERNMENT IS IN FAVOR OF CONSUMER
GOVERNMENT COOPERATION IN THE THREE SITUATIONS USUALLY
CONSIDERED: EMERGENCIES, LONG TERM (R& D), CHRONIC
TIGHT MARKET (" NORMAL"), SO LONG AS IT IS NOT PROVOCATIVE
TO ARABS. GOF OFFICIALS INSIST THAT COOPERATION (WITH
EXCEPTION R& D WHICH COULD BE BI- LATERAL) BE BETWEEN
THREE PARTNERS, US, JAPAN AND EC, WITH EC IF POSSIBLE
SPEAKING WITH ONCE VOICE. WITH " SCRAMBLE FOR OIL",
PARTICULARLY BY JAPANESE BUT ALSO BY OTHERS, APPARENTLY
STARTING, GOF AWARE OF NEED FOR PROMPT ACTION.

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B. GOF IN OPPOSITION TO EC COMMISSION PROPOSAL FOR PACKAGE DEAL BETWEEN EC AND PRODUCING COUNTRIES WHICH INCLUDES AID, TRADE, TECHNICAL ASSISTANCE IN ADDITION TO OIL. GOF EQUALLY UNHAPPY ABOUT POSSIBLE US - SAUDI ARABIAN SPECIAL ARRANGEMENT AS PROPOSED BY YAMANI. THERE IS FEELING IN SOME GOF CIRCLES THAT US, BECAUSE OF POWERFUL POSITION IN SAUDI ARABIA AND IRAN, DOES NOT REALLY NEE EUROPE AND LIKELY TO TAKE CARE OF OWN INTERESTS BY TYING UP CRUDE THERE DESPITE TALK OF COOPERATION.

C. THE GOF IS DEEPLY CONCERNED ABOUT THE LONG RUN ENERGY SITUATION AS IT BELIEVES IMPERATIVE THAT DECISIONS BE TAKEN NOW TO DEVELOP ENERGY FOR THE FUTURE. IN THIS REGARD THE GOF WELCOMES THE NEW INITIATIVES OF PRESIDENT NIXON TO DEVELOP INDIGENOUS US ENERGY RESOURCES AND THEY THEMSELVES HAVE DECIDED UPON A MUCH EXPANDED NUCLEAR ENERGY PROGRAM AND ARE PREPARED TO SPEND FAR MORE TO FIND "SAFE" SOURCES OF PETROLEUM.

3. TALKING POINTS - GIVEN ABOVE BACKGROUND, WE SUGGEST PRESIDENT NIXON MAKE THE FOLLOWING POINTS:

A. WE AGREE THAT BI-LATERAL ARRANGEMENTS BETWEEN PRODUCING AND CONSUMING COUNTRIES WOULD RESULT IN THE BALKANIZATION OF THE OIL MARKET AND FOR THAT REASON HAVE NOT ACCEPTED ANY SPECIAL RELATIONSHIP WITH SAUDI ARABIA AND WOULD HOPE OTHER COUNTRIES WOULD NOT TRY TO ESTABLISH SPECIAL RELATIONSHIP. WE LOOK FOR CONTINUED FRENCH SUPPORT ON THIS.

B. WE ARE PREPARED TO PARTICIPATE IN THE ESTABLISHMENT OF GUIDELINES THAT WILL PREVENT BIDDING UP OF OIL PRICES UNDULY AND DISORGANIZATION OF THE WORLD OIL MARKET.

C. WE ARE AWARE OF FRANCE'S CONSIDERABLE EFFORTS IN VARIOUS ASPECTS OF ENERGY TECHNOLOGY AND WOULD LIKE TO EXPLORE WITH THE GOF AREAS WHERE OUR TWO COUNTRIES CAN COOPERATE FRUITFULLY BOTH ON RESEARCH AND DEVELOPMENT AND ON AN INDUSTRIAL LEVEL, EXAMPLES BEING DEEP
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OFFSHORE AND COLD ZONE OIL PRODUCTION.
IRWIN

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NMAFVVZCZ

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